The Paradox of Knowledge Management: Progress, Issues and Future Directions

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TOPICS

- Current approaches to KM
- Global KM adoption
- The KM paradox
- Diagnosing the problems
- A framework for future KM
## CURRENT KM PARADIGMS

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<th>IS-based</th>
<th>Humanistic</th>
<th>IC-based</th>
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<tbody>
<tr>
<td><strong>Focus</strong></td>
<td>Systems</td>
<td>People</td>
<td>People, systems &amp; other intellectual resources</td>
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<td><strong>Approx. Market Share</strong></td>
<td>70-80%</td>
<td>10-20%</td>
<td>5-10%</td>
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GLOBAL KM ADOPTION: THE GOOD NEWS

- Some notable success stories e.g. Buckman Labs, Xerox
- Strong defence sector spending: US Navy reportedly spent over $30 billion on becoming ‘knowledge centric’
- UK: “Whole of Government Knowledge Network”
- Signs of a maturing discipline: British Standards Institute, and Australian Standards Association provide KM guidelines
GLOBAL KM ADOPTION: THE GOOD NEWS (continued)

- KM ‘tools’ up from 21st place in 1996 to 8th place in 2007 based on usage
- 69% of leading companies surveyed now using KM tools
- Asia-Pacific leading the world - 75% of companies surveyed using KM tools

*Bain and Company Report, 2007*
GLOBAL KM ADOPTION: THE BAD NEWS

Practitioners losing faith:

- CKOs a dying breed in Fortune 500 companies (APQC)
- KM tools rated among the least effective (BAIN)
- Former KM champions giving up e.g. World Bank, BP Amoco

Theorists increasingly critical:

“…a bewildering but also inspiring concept” (Sousa and Hendriks, 2006)

“…philosophically naïve” (Spender and Scherer, 2007)
THE KM PARADOX

How to explain KM’s simultaneous success and failure?

- Major single causative factor: blurring of the conceptual boundaries between symbolic representations of human knowledge and knowledge in people

What to do about it?

- Inaction not an option:
  - Managing knowledge critical
  - Cannot afford to repeat past mistakes
HOW DID IT COME ABOUT?

- 1950’s & 60’s: parallel growth of IT and interest in knowledge as an economic resource

- 1970’s & 80’s: the HIP metaphor (Newell and Simon, 1972); PDP/connectionism (Rumelhart and McClelland, 1986)


- mid 1990’s: the IT industry embraces KM: computational/representational approaches become dominant
PROBLEM CONSEQUENCES

- Overemphasis on knowledge codification
- False assumptions of firm ownership and control of knowledge
- Unproblematised view of individual and collective knowledge
- Knowledge assumed to be convertible and fungible
- Unproblematised relationship between knowledge creation and organizational appropriation of knowledge value
- Inability to link knowledge to performance
HOW TO GET KM BACK ON TRACK?

Key priorities:

1. Understanding the role of the firm as essentially knowledge-based
2. Understanding the nature of knowledge in an organisational context
3. A framework for KM which integrates IS, HR and IC approaches
THE KNOWLEDGE-BASED THEORY OF THE FIRM

- The raison d’être for the modern firm: integration of multiple, disparate, (boundedly rational) knowledge resources
- Implications: Management = KM
# Knowledge in Organizations

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<th>Codifiability</th>
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<td>High</td>
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<td>High</td>
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- **What we know**
- **What we don’t know**
- **What we know**
- **What we don’t know**
A FRAMEWORK FOR FUTURE KM

- **Role:** to support the firm as knowledge integrator
- **Focus:** relationships between people, systems and other tangible and intangible resources
- **Approach:** systems-based/holistic
IMPLEMENTING A SYSTEMIC KM FRAMEWORK

Key issues:

**IS:** - How knowledge can be better represented
  - How representations can be more effectively used

**HR:** - How knowledge can be more effectively shared
  - How to link people (and HR practices) to performance

**IC:** - How knowledge can be used to create capabilities and routines
  - How to improve appropriation of value from knowledge
SUMMARY

- KM in a paradoxical state: “bewildering and also inspiring”
- Problems largely due to a blurring of the conceptual boundaries between knowledge and its representations
- Addressing the problems demands:
  - understanding the firm’s role as ‘knowledge integrator’
  - understanding knowledge in organizational terms;
  - a systemic approach to KM
Any questions